A COMPARATIVE STUDY OF PROFITABILITY IN INDIAN BANKING INDUSTRY

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ABSTRACT
Indian banking industry has transformed in recent years due to the globalization which has resulted in fierce competition. This new competitive environment has resulted in new challenges for the Indian banks especially for public sector banks to retain their share. The present paper is mainly concerned with the analysis of profitability factors that influence the performance of banks. The study is important to see how the profitability factors affect the performance of the banking sector. This paper examines the trends in important banking indicators for 32-year period from 1980 to 2012. These profitability trends partly reflect the success of the efforts to strengthen the banking sector after the fallout of the Asian financial crisis in 1997/98. The analysis revealed that profitability have deteriorated in all the bank groups during the study period with public sector banks witnessing the least profitability along with the highest costs.

KEY WORDS: Bank Efficiency, Financial Sector Reforms, Indian Banks, Profitability.